

# Peoples Bank

MEMBER FDIC

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FEDERAL ELECTIONS  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

May 31, 2005

Federal Elections Commission  
Attention: Scott E. Thomas  
Ana Pena-Wallace  
999 E Street NW  
Washington, DC 20463

RE: MUR 5496 Peoples Bank

Dear Mr. Thomas and Ms. Pena-Wallace

After speaking with Ms. Pena-Wallace today I have faxed the attached info for your review supporting the underwriting/loan decision relative to the Bank's \$100,000 loan David Huffman. A complete package including additional information will also be mailed tomorrow.

In summary, the loan to Mr. Huffman was always intended to be repaid from campaign fund raising activity and if not, from personal resources including his State of NC retirement funds. Huffman told the Bank at the loan's inception that when he turned [REDACTED] he would start making monthly withdraws from this retirement account to pay this loan back if he hadn't paid it back from fund raisings. On 4/12/05 the note was renewed and put on \$2,000.00 monthly principal and interest payments that will fully amortize the note in approximately 5 years (two payments already made). The note will mature 3/18/08 and as noted, Huffman may have additional fund raising events in the future, the proceeds from which will be used to reduce this and other campaign debts.

Given Huffman's very satisfactory credit history (see Credit Bureau Report), personal financial strength (equity in home and little other debt), and sources or repayment (retirement funds and salary), the bank was comfortable with extending the debt on an unsecured basis when the loan was renewed June 2004 and again with the April 2005 renewal. This is in line with the normal underwriting practices of the Bank.

Ms. Pena-Wallace, as we discussed today the Bank has not engaged council at this point since as noted above this loan was extended under the Bank's normal business practices. We would appreciate if after reviewing this information you would let us know if this information satisfactorily addresses the concerns of the Federal Election Commission. If

Corporate Offices

Charlotte, NC

Charlotte, NC 28202-3000

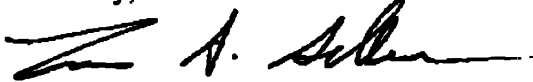
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other information is needed please let us know. Until we hear from you we will hold off on engaging council. We greatly appreciate your assistance with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Lance A. Sellers", with a horizontal line extending to the right.

Lance A. Sellers  
Senior Credit Officer

CC: Tony Wolfe  
President

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